

April 15, 2015

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219 Senate Office Building
Washington, DC 20510

The Honorable Chuck Grassley
Co-Chairman
Individual Income Tax Reform Working Group
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Enzi
Co-Chairman
Individual Income Tax Reform Working Group
219 Senate Office Building
Washington, DC 20510

Dear Senator Stabenow, Senator Grassley, and Senator Enzi:

On behalf of the 330 members of the Council of Michigan Foundations (CMF), we thank you for your work with the Senate Finance Committee Individual Income Tax Reform Working Group. We support the priorities set forth in the April 15 letter submitted by the Council on Foundations and summarized below.

While individual and foundation giving cannot replace government, our 44 years of experience in Michigan confirms that the charitable giving tools in the Federal Tax Code allow the nonprofit charitable sector to be an important partner in helping to relieve the burden of government in communities throughout our Michigan. As you consider changes in tax policy, we encourage you to consider how tax policy can encourage all Americans to give more for a thriving America.

1. Maintain the full value of the Charitable Tax Deduction

CMF's top legislative priority is to maintain the full value of the charitable deduction – unique among tax incentives because the end beneficiary is not the giver but unrelated persons, communities and society as a whole. While giving is often first inspired by the heart, research confirms that tax policy does impact how much we give as Americans. Research has also documented that reducing the value of the charitable deduction – whether by imposing a dollar cap on the amounts which may be deducted, capping at marginal rate the value of the deduction, or imposing a floor on the ability to deduct charitable contributions – would lead to a significant reduction in contributions benefitting Michigan communities.

2. Making the IRA Rollover and other charitable extenders permanent

We are excited about the passage of the America Gives More Act by the House and urge the Senate Finance Committee to bring HR 644 to the floor of the Senate for a vote as soon as possible. Passing HR 644 would provide donors greater certainty when planning the timing and amount of their charitable gifts. Certainty is especially vital for middle class givers, whom research has confirmed are the big users of the IRA Charitable Rollover.

3. Preserve Current law on Donor Advised Funds (DAFs)

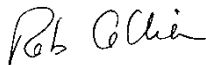
When Michigan was in the midst of a 12 year prolonged recession and community needs were highest, community foundations were able to work with donors to DAFs they hold to make gifts for emergency needs and workforce development – to give just two examples. Our community foundations covering all 83 counties have demonstrated on many occasions that DAFs are a remarkably flexible and nimble giving tool. We have learned and research has confirmed that DAFs are a unique tool being used in rural, small town and urban Michigan for attracting and engaging younger donors and providing an entry point for long term community investment. And DAFs were used by the Community Foundation for Southeast Michigan in its leadership of the remarkable public – private partnership known as the Grand Bargain that helped Detroit get out of bankruptcy. In sum, changes to the tax code on DAFs have the likely result of reducing donor options and reducing giving.

We welcome the opportunity to provide you with the research mentioned above conducted by the Center on Nonprofits and Philanthropy at the Urban Institute, and with whatever other information would be helpful in your deliberations. Thank you for your leadership on tax policy and for your support of a strong nonprofit charitable sector that employs one of every ten Michiganders.

Sincerely,



Ellen Crane
CMF Board Chair
Trustee, Harvey Randall Wickes Foundation



Rob Collier
President & CEO